

Paying for college

You've decided to go to college, so now it's time to consider what your education will cost and how you'll pay for it. Don't rule out a school based on cost alone. Financial aid programs can help students pay for college. Although some financial aid program awards are based on academic achievement, athletic skill, musical ability or other types of special talent, many awards are based on financial need.

A formula set by Congress is used to calculate financial aid. To find out what state and federal aid you qualify for, fill out the Free Application for Federal Student Aid (FAFSA). There may be other forms you'll need to fill out, so be sure you check with the school before submitting your application.

When you're ready to make definite plans, get up-to-date cost figures directly from the school you plan to attend. Depending on the financial aid packages, it's possible for you to pay the same amount to go to a high-cost college as you'd pay to go to a lower-cost school. See the Package Evaluation form on page 37.

Be an informed consumer

Because you'll invest considerable time and money in your education, be an informed consumer. If you go to a two- or four-year college, you'll probably receive a bill for tuition and fees before registration for classes each semester or quarter. Any financial aid you receive is usually credited to your account at that time.

Trade schools may charge tuition and fees for the entire program when you start school. Your financial aid award, however, will usually be divided into at least two payments — one at the beginning of the program, the second after you've completed half of the program.

Most schools will first use your financial aid award to pay tuition, fees and other charges. If any remains, the school must give it to you to help pay living expenses.

You should find out if you get a refund if you withdraw from school. No one plans to withdraw, but serious illness can put you so far behind you have no choice. Or you may decide the program isn't right for you.

Every school that participates in federal student aid programs must have a written refund policy and must give you a copy if you ask. Have it in writing before you begin school. If you withdraw, you may have to refund all or some of your student aid. Usually the refund will be used first to repay your student loan, then any grant or scholarship programs from which you received funds. If you must withdraw, notify the school immediately.

Read all contracts and paperwork carefully. If a school representative promises you something, be sure it's written into the contract.

To learn more, click on

**paying for
college**

at GoHigherKY.org



Cutting costs

The cost of your education includes billable expenses (tuition and fees, room and board) and nonbillable expenses (transportation, books, supplies, clothes, child care and other personal expenses). The 2008–2009 estimated billable costs for most Kentucky colleges and trade schools are included in Part III, beginning on page 63. For out-of-state schools, consult *The College Cost Book* or *The College Handbook* in your public library.

Here are some ways to cut costs.

- Take extra classes to complete your program more quickly. Taking more classes each semester and summer classes can help you finish early.
- Take College-Level Examination Program (CLEP) tests to receive college credit. See page 19 for more information.
- If you took Advanced Placement (AP) courses in high school, find out if you can take AP exams. At some schools, a good grade on an AP exam can earn you course credit.
- See if you can get credit for life or work experience or courses offered by business, government, the Armed Forces and other organizations.
- See if your employer has a tuition assistance program for employees and if you're eligible.



- Find out if you qualify for a part-time job through a work-study program or co-op education that lets you study one semester and work the next.
- If you go to a school nearby, save on room and board by commuting from home. You can also cut room and board costs by sharing an apartment with friends. Some colleges require freshmen to live on campus, but that may not apply to adult students.
- Textbooks are expensive, so buy used books whenever possible, at a bookstore or online. You may also be able to save money by buying supplies like notebooks and pens in bulk.
- If you're not going to keep a textbook, try to sell it to someone taking the same class next semester. You'll usually get more for it than you will if you sell it back to a bookstore.
- Take online classes. For more information, see page 24 or the school pages in Part III.
- If you're going to an out-of-state school, check to see if it has a reciprocal tuition plan with Kentucky that lets you pay in-state tuition.

Payment options

Some schools don't require full payment when you register. You may be able to make payments on a regular basis. Check with the business office to see what options are available.

Types of Financial Aid

Grants: Awards based on need that do not need to be repaid.

Scholarships: Awards based on some kind of special achievement, such as academic or athletic talent, or based on your field of study, where you live or any number of things. These are merit-based and do not need to be repaid.

Work-study: Part-time employment that lets you earn money toward a college education either on or off campus.

Student loans: Money borrowed, either from a bank, the government or a school. A student loan must be repaid. However, low interest rates are available, and repayment doesn't start until you've either left school or graduated.

Conversion scholarships/loans:

Programs that require you to provide certain services for a period of time. If you do, the award is a scholarship that you don't have to repay. If you don't provide the service, you have to repay the money with interest.

Waivers: An arrangement offered by some schools to eliminate certain costs for students who meet certain qualifications.

Military benefits: Financial aid offered to individuals (or their dependents) who were, are or will be in the U.S. Armed Forces.

Prepaid tuition: A contract that guarantees fully paid tuition for a fixed number of credit hours at a participating school. You have to pay a certain amount up front.

National service award: An award received for education expenses in return for national or community service.

Don't let your money go down the drain

You'll probably need financial aid to help pay for college. The money is out there, but make sure your sources are reliable. Not everyone is honest!

Companies may charge hundreds of dollars to give you a list of scholarships for which you can apply. These steps will help you get information for free:

- Contact the financial aid office at each school you're considering. The staff can tell you about the financial aid programs offered by the school.
- Attend any free financial aid workshops sponsored by your local high school, college or the Kentucky Association of Student Financial Aid Administrators, such as College Goal Sunday. Don't confuse these free events with events sponsored by companies that charge a fee.
- Before paying a fee for financial aid information, check out the company by contacting the Better Business Bureau; the Kentucky Attorney General's office, Consumer Protection Division, 1024 Capital Center Drive, Frankfort, KY 40601, 888.432.9257, <http://ag.ky.gov/consumer/>; or the Attorney General in the state where the company is located.
- Check out the Internet, but be careful. Remember that websites are not regulated by any agency. A scam artist can set up a website, take people's money, shut down the site and disappear. **GoHigherKY.org** has a free scholarship search.

The Federal Trade Commission says you should be skeptical about companies and sites that claim:

"You've been selected by a national foundation to receive a scholarship."

Visit the website of The Foundation Center, **www.fdncenter.org**, to find out if the foundation is legitimate.



"I just need your credit card or bank account number to hold this scholarship."

NEVER give these numbers to a person or company you're not sure about. Someone with your credit card number can charge something to your card, and someone with your bank account number can make withdrawals — without your knowledge.

"This scholarship will cost some money."

Some legitimate scholarships do have up-front fees, but they shouldn't be more than \$5 to \$10.

"It's guaranteed or your money back."

Read the fine print. To get a refund, you may have to receive a letter of rejection from **every** source on the list. That may be impossible to do if a scholarship on the list is no longer offered. Some unscrupulous companies even give you sources that don't exist. The fine print may state that **all** types of student financial aid are included, so if you get a loan and no scholarships, you still can't get your money back.

"You can't get this information anywhere else."

Nearly all the information can be found by talking with a college financial aid officer, visiting the public library or doing a free online scholarship search.

For more information about scholarship frauds, check out these websites:

Federal Trade Commission, www.ftc.gov

You can also file a complaint with the FTC by calling toll free 877.382.4357 or submitting an online complaint form available on the FTC website.

National Fraud Information Center, www.fraud.org

This site provides information on how to spot, stop and report a scam. You can report one online or call the center toll free at 800.876.7060.

FinAid, www.finaid.org/scholarships/scams.phtml

This is another site that provides information on how to identify and report scams.

Remember, however, that the absence of complaints may not mean the company or foundation is legitimate — it may just be so new that no one has filed a complaint yet.

Questions and answers

Who should apply for financial aid?

You should. Don't assume you won't qualify for financial aid. You might be surprised.

Who provides financial aid?

Schools, state and federal governments, and private companies and organizations. But you and your family are responsible for meeting college expenses to the best of your ability.

How is financial aid awarded?

It's awarded on the basis of financial need (need-based) or on the basis of academic achievement, athletic ability, or other talents or abilities (merit-based). Most aid is need-based but is often awarded in combination with merit-based aid.

Who coordinates the financial aid process?

Generally, the school's financial aid office develops your financial aid package according to program guidelines and regulations. The financial aid package is usually a combination of grants, scholarships, work-study and/or loans and depends on the availability of funds.

Where can I get information about financial aid?

The financial aid officers of the schools you're interested in attending, GoHigherKY.org and www.kheaa.com are good starting points.

How do I apply?

The Free Application for Federal Student Aid (FAFSA) is used to apply for these federal programs: Academic Competitiveness Grants, Federal Pell Grants, Federal Supplemental Educational Opportunity Grants, National Science and Mathematics Access to Retain Talent Grants, Federal Perkins Loans, Federal PLUS Loans, Federal Stafford Loans and Federal Work-Study.

These state programs use information from the FAFSA: College Access Program Grant, Kentucky Tuition Grant, KHEAA Teacher Scholarship, Early Childhood Development Scholarship and KHEAA Work-Study.

You should check with the school you plan to attend to find out if other application forms are required. **Read the instructions on all applications carefully and follow them to the letter.**

When do I apply?

If you plan to start college in the fall, submit your FAFSA as soon as possible after January 1. If you're not considered an independent student, your parents will have

to provide information for the FAFSA. If you file early, you have a better chance to receive financial aid for which you're eligible. Deadlines for financial aid programs vary. If you don't know the deadline, check with the financial aid office or the contact for program information.

What is need analysis?

Need analysis is a process used to determine if you qualify for student aid, what type you qualify for and how much. Financial need is usually the difference between your cost of education and the expected family contribution (EFC), which is how much you and your family are expected to pay. The formula is:

$$\begin{array}{r} \text{Total Cost of Attendance} \\ \text{(varies from school to school)} \\ - \text{Expected Family Contribution} \\ \text{(remains the same)} \\ \hline = \text{Financial Need} \end{array}$$

How is my EFC determined?

The information on the FAFSA is used to determine your EFC according to a formula set by Congress. The formula takes into account your family's income, current assets and expenses. Among the items considered are:

- Annual income
- Taxes paid
- Social Security payments
- K-TAP
- IRA/KEOGH payments
- Cash, savings and checking accounts
- Real estate/investment equity
- Number of family members attending college
- Family size

If you're a dependent student, your EFC is based on your and your parents' resources. If you're an independent student, your EFC is based on your and your spouse's resources (if you're married).

Am I an independent student?

You are if at least one of the following applies:

- You were born before January 1, 1984.
- You're married.
- You will be enrolled in a master's or doctoral program during the 2008–2009 school year.
- You have children who receive more than half their support from you.
- You have dependents (other than your children or spouse) who live with you, receive more than half their support from you now and will continue to receive more than half their support from you through June 30, 2009.

- You're an orphan or ward of the court (or were a ward of the court until age 18).
- You're a veteran of the U.S. Armed Forces. "Veteran" includes a student who attended a U.S. military academy who was released under a condition other than dishonorable.

If you think you have unusual circumstances that would make you independent even though none of the above criteria apply to you, talk with a financial aid officer at the school you plan to attend.

What if I don't qualify this year?

Reapply every year. Rules change, and your financial situation can change. Because you're not eligible one year doesn't mean you won't be eligible the next.

What is "satisfactory academic progress"?

Federal rules require schools to monitor financial aid recipients to make sure they're making progress toward a degree or certificate. This is called satisfactory academic progress. The school's policy must include both qualitative (grade point average) and quantitative (hours attempted-hours earned) measures. The law also specifies that by the end of your second year, you must have a "C" average or its equivalent or an academic standing consistent with the school's graduation requirements.

What does financial aid cover?

Financial aid must be used to pay the costs of education, which may include:

Direct Costs	Living Expenses
Tuition / Fees	Transportation / Housing / Food
Books / Supplies	Personal

How much can I get?

Your need-based financial aid can't exceed the school's total cost of education minus your EFC.

You can get an estimate of how much aid you can receive and how much you might be expected to pay toward college costs by visiting www.kheaa.com, which has the interactive College Aid Calculator, developed by Think Ahead Inc. of Dresden, Maine. The calculator can estimate those figures for students of any age and residents of any state.

To use the calculator, you enter information about your financial situation without entering identifying information such as a Social Security number. The information is deleted as soon as the EFC is calculated.

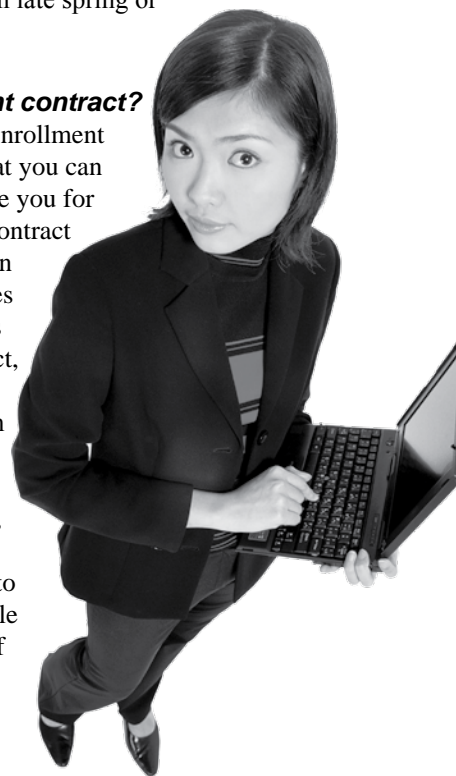
The calculator provides only an *estimated* EFC. Your exact EFC will be calculated when you submit the FAFSA. Tell the school's financial aid office about special circumstances that may affect your need for assistance.

When will I know how much I will get?

If you submit the FAFSA between January and April, you should be notified in late spring or early summer.

What's an enrollment contract?

Some schools use enrollment contracts to explain what you can expect the school to give you for your money. Read the contract carefully before you sign it. School representatives may promise you things that aren't in the contract, such as help finding a job. If they do, ask them to write the promise on the contract and sign and date it. If necessary, the school can add a separate sheet of paper to the contract, with the title "Addendum to [name of contract]." A promise is usually not enforceable in court unless it's in writing.



If I have a GED, can I qualify for a Kentucky Educational Excellence Scholarship (KEES) award?

If you receive a GED, you're eligible for a KEES bonus award if you are a Kentucky resident and:

- Earn your GED within five years after reaching your 18th birthday. If you get your GED before you turn 18, you aren't eligible.
- Take the ACT or SAT at a national test site. Exams given at colleges, called residual exams, can't be used for KEES purposes.
- Have at least a composite 15 on the ACT or composite 710 on the SAT. The essay test on the SAT is not used in computing your KEES eligibility.
- Enroll in a participating college within five years of receiving your GED.
- Have not been convicted of a felony.

If I receive my GED and take the ACT or SAT, how will my scores be transmitted so I receive my award?

When you begin attending classes, your college will report your ACT or SAT score and enrollment status to KHEAA, which will send your award, half each semester, to the college. The college will credit it to your account or issue you a check. You can contact KHEAA to find out if your score was reported.



How much KEES do I receive for my ACT score?

Below are the amounts for each ACT score.

ACT Score	Bonus Award	ACT Score	Bonus Award
15	\$ 36	22	\$286
16	71	23	321
17	107	24	357
18	143	25	393
19	179	26	428
20	214	27	464
21	250	28 or above	500

Amounts may change based on funding.

Where can I use the KEES award?

You can use it at most schools in Kentucky. For a complete list of schools, go to www.kheaa.com to the *Parents and Students* section. Click on *Kentucky Resident Scholarship/Grant Information*, then on *Kentucky Educational Excellence Scholarship*, then on *Participating Schools*. If you're interested in a major not

available in Kentucky, you may be able to use your award at an out-of-state college through the Academic Common Market. For more information, visit www.cpe.ky.gov.

How many years can I use my KEES award?

You can generally receive the award for up to eight academic terms in an undergraduate program. For most programs of study the award must be used within five years of receiving a GED or graduating from high school.

Do I need a minimum GPA to keep my award?

Yes. To keep the full award for the second year, you must earn at least a 2.5 cumulative GPA your first year. After that, if you have at least a 3.0 cumulative GPA, you keep the full award. If you have a 2.5 to 2.99 cumulative GPA after the second year, you get half your award the third year. If your cumulative GPA falls below 2.5, you lose the award for the next year but can regain it the year after by bringing your cumulative GPA back up to at least 2.5.

If I go to college part-time, do I still get my KEES award?

Yes. If you enroll at least half-time (6 credit hours or the equivalent) but less than full-time, you'll receive a partial KEES award. Each semester you receive a partial award counts as a full semester of your KEES eligibility.

The award percentages are:

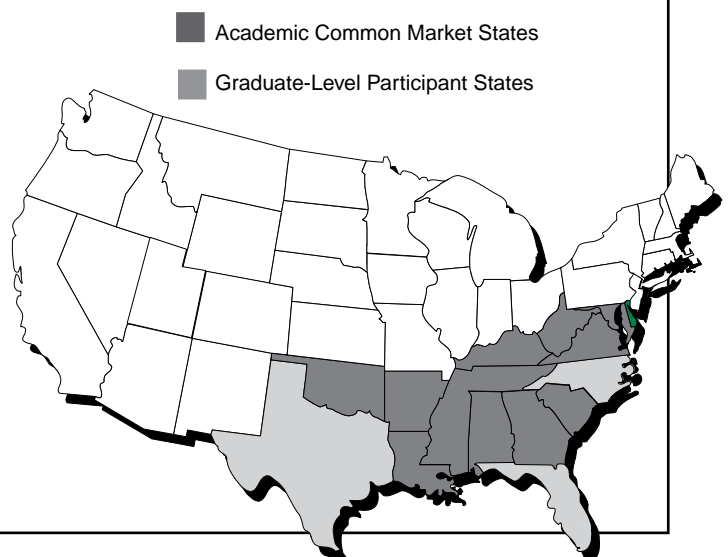
➤	6 hours =	50 percent
➤	7 hours =	58 percent
➤	8 hours =	67 percent
➤	9 hours =	75 percent
➤	10 hours =	83 percent
➤	11 hours =	92 percent

Did you know you might be able to go to an out-of-state school for the same cost as an in-state school? If the academic program you want is not available in Kentucky but is available in one of the **ACADEMIC COMMON MARKET** states, you may be able to attend there for the same cost as you would if you were a resident of that state.

About 150 schools from the following states participate in the Market at the undergraduate and graduate levels:

Alabama, Arkansas, Delaware, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Oklahoma, South Carolina, Tennessee, Virginia and West Virginia. Florida, North Carolina and Texas

participate at the graduate level. For information about and certification for the Academic Common Market, write to Jevonda Keith, ACM State Coordinator, Council on Postsecondary Education, 1024 Capital Center Drive, Suite 320, Frankfort, KY 40601; call 502.573.1555 ext. 268; or visit cpe.ky.gov/policies/academicinit/SREB/ACM.htm.



Tax considerations

Are scholarships taxable ?

If you attend college on scholarships, you should double-check the tax status of any financial aid with a tax advisor. The basic requirement for a scholarship to be tax free, known as a “qualified” scholarship, is that the recipient be a candidate for a degree.

A qualified scholarship is any amount used for tuition and required fees, books, supplies and equipment. Any amount received for incidental expenses is not a tax-free, qualified scholarship. Incidental expenses include room and board, travel, research and clerical help.

For more information, call the Internal Revenue Service (IRS) at **800.829.1040** or visit www.irs.gov/pub/irs-pdf/p970.pdf to download the free Publication 970 *Tax Benefits for Education*. This publication is also available from the IRS by calling **800.829.3676**.

What about tax credits and deductions?

There are several ways you can save money on your taxes when it comes to paying for college. The federal government offers the Hope Credit, the Lifetime Learning Credit, the tuition and fees deduction and the student loan interest deduction. Kentucky offers the Kentucky Tuition Tax Credit.

The tuition and fees deduction and the student loan interest deduction are adjustments to income. This means they reduce the amount of your income subject to tax and you can claim them even if you don’t itemize deductions.

Each credit and deduction has special rules and income limitations. For more information, refer to Publication 970, *Tax Benefits for Education*.

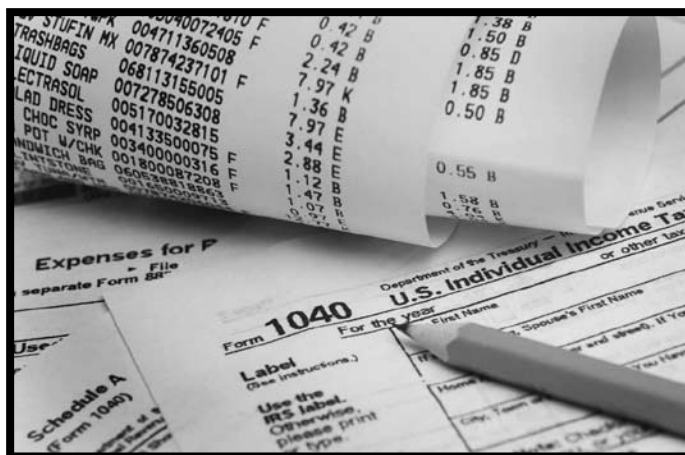
For more information, call the IRS at 800.829.1040.

Hope Credit

If you paid qualified education expenses for yourself, your spouse or a dependent, you may be able to claim a Hope Credit for the first two years of college.

Lifetime Learning Credit

If you, your spouse or a dependent are enrolled in a degree program or are taking college courses to acquire or improve job skills, you may be able to claim a Lifetime Learning Credit.



Tuition and Fees Deduction

The tuition and fees deduction can reduce the amount of your income subject to tax. You may be able to deduct qualified education expenses paid during the year for yourself, your spouse or a dependent. The qualified expenses must be for college.

Student Loan Interest Deduction

You can deduct up to \$2,500 per year on your federal taxes for interest you have paid on your student loan.

Kentucky Tuition Tax Credit

Kentucky also offers a tax credit. Kentuckians can deduct a credit of 25% of the federal Hope or Lifetime Learning Credits up to \$500 for tuition or related expenses for undergraduate enrollment at an eligible Kentucky college.

Is there anything else I need to know about tax credits and deductions?

Remember that Congress can change any of the federal tax credit and deduction rules at any time. The Kentucky General Assembly can change the rules of the Kentucky Tuition Tax Credit whenever the legislature meets. Before claiming any of these credits and deductions, double-check to make sure they are still available and to see if any of the particulars have been changed.



Hop on board KHEAA's College Info Road Show. This mobile classroom visits Kentucky schools, adult education centers and community events and provides materials, publications, live Internet access, a guided tour through the interactive GoHigherKY.org website and information from financial aid experts. Take advantage of these free services when the College Info Road Show visits your area.

There are many things you can do to increase your chances of receiving financial aid to help pay college expenses. KHEAA offers the following tips.

- **Talk with financial aid officers at the schools you're interested in attending.** They can inform you about aid programs available through the school. See Part III for names, addresses and other information.
- **Visit www.kheaa.com,** which features information about KHEAA financial aid programs and services, KHEAA publications and links to other financial aid sites. You can also access the most current information about your KHEAA grant, loan or KEES award.
- **Search for free information about scholarships and other student aid sources.** KHEAA suggests that you:
 - Consult *Affording Higher Education*, a KHEAA book that contains many sources of student aid for Kentucky students. Copies are available at public libraries and counselor offices and on www.kheaa.com.
 - Visit www.GoHigherKY.org and do a free scholarship search.
 - Watch newspapers for scholarships offered by local community service organizations, businesses, clubs, churches, fraternal groups, etc., and contact them for more information.
- Write to organizations connected with your field of interest that may have financial aid available. These organizations are listed in directories of associations available in public libraries.
- Check with your public library about publications and reference materials that detail sources of financial aid.
- **Learn about low-interest loans.** You should first seek aid that you don't have to repay. However, most financial aid packages prepared by schools contain student loans. That means you should learn as much as you can about the benefits offered by lenders. Different lenders offer different benefits. Some of those benefits come when you take out the loan, such as lower origination and guarantee fees, which means more money for you to pay for educational expenses. Others come when you're paying back the loan, such as lower interest rates for on-time payments and auto debit. You should find the lender whose program best suits your situation. KHEAA administers the Federal Family Education Loan Program (FFELP), the largest student loan program in the state. Detailed descriptions of FFELP and other programs can be found on pages 44–45.

The FAFSA and other financial aid applications

The FAFSA is the Free Application for Federal Student Aid, which you must fill out to qualify for federal or state student aid. The information you provide is sent to the schools you list on the FAFSA and to KHEAA.

You should file online at www.fafsa.ed.gov. You're less likely to make errors that way because your answers are edited automatically. Also, you'll receive your report 7 to 14 days faster than you will with a paper FAFSA.

You can get up to three copies of the paper FAFSA by calling the ED toll free at 800.433.3243. If you want to be notified when your paper FAFSA is received, fill out the postcard in the packet and return it with your FAFSA. The processor will return the card with the receipt date.

The school's financial aid office uses the information on the FAFSA to determine whether you're eligible for need-based financial aid and, if so, for how much and what type. From this information, the school will create a financial aid package for you. Each college you list on the FAFSA will consider you for financial aid and will notify you of its decision in late spring or early summer.

KHEAA uses information from the FAFSA in making grant awards. As KHEAA receives data from the FAFSA central processor, students are sent grant notices instructing them to visit www.kheaa.com to learn their grant eligibility at all schools listed on the FAFSA. It's important that you fill out the FAFSA correctly and submit it timely to get all the money you qualify for. Use the following steps to help with this procedure.

Gather the documents you'll need for the FAFSA:

- Your Social Security card and driver's license.
- Your W-2 forms and federal income tax return.
- Records of other untaxed income received, such as veteran's benefits.
- Current bank statements and records of stocks, bonds or other investments.
- Business or farm records if applicable.
- Your alien registration card if you're not a U.S. citizen.

Don't forget to:

- Read and follow the instructions carefully.
- Submit the FAFSA **as soon as possible after January 1** to make sure you have the best chance of receiving aid.
- Keep a copy of your FAFSA and a record of the date you submitted or mailed it.
- If you need to make corrections, follow the instructions on the Student Aid Report you receive in the mail and return it immediately for reprocessing.
- Read financial aid award letters carefully and comply with requests from schools for more information as soon as possible. Submit corrections or additional information to the Central Processor, so KHEAA and the administrators of other federal and school-based programs will have the information too.



Some colleges require separate applications for school-based scholarships and grants. Check with the financial aid office to see if you need to do that. You can find out about school-based aid on the school's website or in *Affording Higher Education*, available in public libraries and on www.kheaa.com.

As with the FAFSA:

- ☐ Read and follow directions. Fill out all applications properly and neatly. You may miss out on money for failing to complete all questions, answering them incorrectly or writing illegibly.
- ☐ Pay attention to mailing addresses and filing deadlines.
- ☐ Keep copies of everything you mail and a record of the dates you mail the materials. You might want to use registered mail, return receipt requested.



Students and parents learn about completing and filing the FAFSA at the 2008 College Goal Sunday.

College Goal Sunday can help you with the FAFSA

At College Goal Sunday on January 25, 2009, members of the Kentucky Association of Student Financial Aid Administrators will help students and parents complete the FAFSA. It will be held at sites across the state. Check www.kasfaa.com or watch your mailbox, local newspaper or guidance office bulletin board for more information.

College Goal Sunday is sponsored by KASFAA, with funding from KHEAA and the Lumina Foundation for Education.

Your tools for comparison

You've been accepted by more than one school. How do you know which school is offering you the best financial aid package? What if the school you want to attend costs more than the other? Can you still attend the school of your dreams instead? Comparing the award letters can help you decide.

An award letter will usually show the total cost of attendance — what it costs to go to that school for one year, including tuition, fees, room, meals, books, supplies, transportation and personal expenses. It may also show how much you are expected to pay toward those costs, the expected family contribution (EFC). The EFC is subtracted from the total cost of attendance to get your financial need.

The letter will then list various sources of financial aid offered to pay for the costs not covered by the EFC. You can accept or reject any or all of those proposed sources.

On the next page you'll find a chart you can use to compare the cost of going to two schools, as well as the financial aid packages those schools have sent you. We've filled in one column with sample numbers that don't come from a real school. Let's take a look at the sample column to see how it's done.

First of all, these are the assumptions we're making: You're going to continue working full-time while you take a full load of classes (12 credit hours) at a two-year college. And your EFC is \$1,000.

Your total cost of attendance is the sum of your tuition and fees, books and supplies, room and board, transportation and personal expenses, or \$13,000 for one year. Since your EFC is \$1,000, your financial need is \$13,000 minus \$1,000, or \$12,000. The college uses that information to put together a financial aid package for you.

Because your EFC is so low, you qualify for a Federal Pell Grant, a College Access Program Grant and a Federal Perkins Loan. The college has offered you a \$500 scholarship that it administers. Those awards total \$7,000, leaving you \$5,000 short of what you need. That's where the Federal Stafford Loans kick in. You qualify for a \$3,500 subsidized Stafford Loan, meaning the federal government pays the interest on the loan while you're in college. Because you're an independent student, you can get another \$1,500 in an unsubsidized Stafford Loan. You can pay the interest on that while you're in school or have it added to the total loan amount you owe. With the two Stafford Loans, your financial aid awards total \$12,000.

Let's take a closer look, though. Your estimated room and board is \$6,200. You're going to be paying that whether you go to school or not, so you can take that out of the total cost of attendance. That brings your cost down to \$6,800. Subtract your EFC, and you need \$5,800 in financial aid.

Remember: you don't have to accept everything in the financial aid package. You can pick and choose the awards that are best for you. The first thing to do is take advantage of all the free financial aid you can get — the grants and scholarships.

Three things to ask the financial aid office:

- ☐ Whether your award will be reconsidered if your financial situation changes.
- ☐ Whether you can expect roughly the same financial aid package each year or if it includes one-time-only awards.
- ☐ What the school expects the average student loan debt will be.

If you add those up, all you need to borrow is \$800. That's if you can pay the \$1,000 EFC. If not, you can take \$1,800 in loans. The loan you choose will depend on which one has the lowest interest rate so you have to pay back less. You'll need to check the latest interest rates on Perkins and Stafford loans to figure out which one to take.

You should ask the financial aid office for a list of everything it needs from you if you accept the package: tax returns, acceptance letter, promissory note, applications, etc.

Financial aid packages are, to some extent, negotiable. State and federal programs generally have limits on how much you can receive from them. Beyond that, though, many schools have their own funds. If you really want to go to a particular school but the financial aid package isn't quite what you want, talk with someone in the financial aid office. The school may be able to come up with additional funds.



School costs and financial aid package comparison

Take the time to fill out this form for a comparison of all the schools you're considering. This will give you an idea of what your best value is. Sometimes the most expensive schools have scholarships that will bring them in line with others. So don't limit yourself, consider all your choices and compare.



Sample	School A	School B	
Need Calculation			
\$3,000			Tuition and Fees
800			Books and Supplies
6,200			Room and Board
1,800			Transportation
1,200			Personal Expenses
13,000			Total Cost of Attendance (varies from school to school)
1,000			Minus Estimated Family Contribution (remains the same)
12,000			Financial Need
Financial Aid Package			
\$3,000			Federal Pell Grant
1,500			College Access Program Grant
0			Kentucky Tuition Grant
0			Other Grants
500			Scholarships
0			Work-Study
2,000			Federal Perkins Loan
5,000			Federal Stafford Loan
0			Other Loans
12,000			Total Financial Aid Package
0			Unmet Need (Financial Need minus Total Financial Aid Package)